

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 L-03

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 5015

SECRET SECTION 1 OF 3 LISBON 1826

E.O. 11652: XGDS-2

TAGS: PINT, ECON, PEPR, PO

SUBJECT: CONVERSATION WITH PRESIDENT OF PORTUGAL

SUMMARY: THE PRESENTATION OF MY CREDENTIALS TO PRESIDENT EANES TODAY WAS THE OCCASION OF A 45-MINUTE CONVERSATION BETWEEN THE PRESIDENT AND MYSELF. PRESENT WERE THE FOREIGN MINISTER, THE SECRETARY GENERAL OF THE FOREIGN MINISTRY AND THE FOREIGN MINISTRY OFFICER ASSIGNED TO THE PRESIDENT'S STAFF. PRESIDENT EANES AFFIRMED THE IMPORTANCE TO PORTUGAL OF CLOSE RELATIONS WITH THE UNITED STATES AND U.S. ASSISTANCE TO PORTUGAL IN ITS PRESENT ECONOMIC DIFFICULTIES. HE EXPRESSED CONCERN ABOUT THE INFLUENCE OF THE COMMUNIST PARTY IN THE LABOR MOVEMENT AND ITS ABILITY TO PENETRATE OTHER AREAS OF PORTUGUESE SOCIETY. THE PRESIDENT SPOKE OF A CONTINUING MORALE PROBLEM IN THE MILITARY, WHICH COULD ONLY BE RESOLVED BY COMPLETE INTEGRATION INTO NATO, A MATTER ON WHICH U.S. HELP WAS ESSENTIAL. HE SAID THAT HE WAS WORRIED REGARDING THE POTENTIAL FOR MISCHIEF BY AZOREAN-AMERICAN SUPPORT FOR AZOREAN SEPARATISM. FOR MY PART, I STRESSED THE IMPORTANCE OF A SPEEDY RENEWAL OF THE LAJES BASE AGREEMENT AND EMPHASIZED OUR INTEREST IN THE CURRENT IMF-GOP NEGOTIATIONS. WE ALSO DISCUSSED AFRICAN AFFAIRS.

1. I OPENED THE CONVERSATION AND, AFTER THE USUAL

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PLEASANTRIES, TOLD PRESIDENT EANES THAT I WAS IMPRESSED DURING MY CONSULTATIONS IN WASHINGTON BY THE WIDE INTEREST IN PORTUGAL AT THE HIGHEST LEVELS OF THE U.S. GOVERNMENT. I SPECIFICALLY PASSED ON TO HIM THE GREETINGS OF VICE PRESIDENT MONDALE. I SAID THAT THERE WAS GREAT ADMIRATION IN THE UNITED STATES FOR THE PROGRESS WHICH PORTUGAL HAD SHOWN IN THE DEVELOPMENT OF DEMOCRATIC INSTITUTIONS DURING

THE PAST TWO YEARS. I ADDED THAT THE FRIENDS OF PORTUGAL IN THE U.S. WERE IMPRESSED BY THE ROLE THAT THE PRESIDENT HIMSELF HAD PLAYED IN THE RECENT TRANSITION PERIOD, NOTING THAT THE MANNER IN WHICH POWER IS TRANSFERRED IS ONE OF THE PRINCIPAL DIFFERENCES BETWEEN DEMOCRATIC AND NON-DEMOCRATIC SYSTEMS. I SAID THAT SUPPORT OF THE PORTUGUESE DEMOCRACY CONTINUES TO BE THE CORNERSTONE OF U.S. POLICY TOWARD PORTUGAL.

2. EANES' OPENING STATEMENT WAS A SUMMARY OF THOSE ISSUES AND PROBLEMS WHICH E APPARENTLY CONSIDERS SHOULD BE THE PRINCIPAL CONCERNS OF THE UNITED STATES IN PORGUGAL:

(A) ECONOMIC CRISIS: HE ACKNOWLEDGED MY ASSURANCES REGARDING THE DESIRE OF THE UNITED STATES TO SUPPORT PORTUGUESE DEMOCRACY AND STATED THAT THIS HELP WAS NOWHERE MORE NEEDED THAN IN THE CURRENT ECONOMIC CRISIS, WHICH WAS OF MAJOR PROPORTIONS AND REQUIRED THE HELP OF ALL OF PORTUGAL'S FRIENDS IN THE WESTERN WORLD.

(B) COMMUNISTS AND LABOR: IN THIS CONNECTION THE LABOR SITUATION IN PORTUGAL WAS OF SPECIAL CONCERN. THE COMMUNIST PARTY CONTROLLED THE UNION HIERARCHY AND WAS DETERMINED BOTH TO MAKE A SOLUTION TO THE ECONOMIC SITUATION DIFFICULT FOR THE GOVERNMENT AS WELL AS TO USE THE INEVITABLE SACRIFICES WHICH STABILIZATION WOULD REQUIRE AS A MEANS OF STRENGTHENING ITS OWN POLITICAL POSITION. THE PRESIDENT NOTED THAT THE PCP WAS PERHAPS THE BEST-ORGANIZED POLITICAL FORCE IN PORTUGAL AND THAT EVEN THOUGH

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IT HAS HAD A SERIES OF POLITICAL REVERSES IN THE ELECTORAL PROCESS, IT STILL RETAINED ITS CAPACITY TO MAKE TROUBLE AND ITS ABILITY TO PENETRATE VARIOUS INSTITUTIONS IN THE PORTUGUESE SOCIETY.

(C) MILITARY PROBLEM: THE PRESIDENT SAID THAT PORTUGAL'S MILITARY SERVICES WERE STILL SUFFERING FROM THE AFTERMATH OF THE COLONIAL WARS. THE MORALE OF THE ARMED SERVICES HAD BEEN DAMAGED BY THE WITHDRAWAL FROM AFRICA. WHILE IT MIGHT BE ARGUED THAT THE PORTUGUESE ARMY DID NOT LOSE THE WAR, IT WAS CERTAIN THAT IT DID NOT WIN IT. THE POLITICAL UPHEAVAL IN PORTUGAL OF 1974-75 GREW DIRECTLY OUT OF THIS DISILLUSIONING EXPERIENCE, BUT EVENTHOUGH STABILITY HAD BEEN ACHIEVED THERE WERE TEMPTATIONS FOR

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TO SECSTATE WASHDC PRIORITY 5016

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MILITARY OFFICERS TO CONTINUE TO TAKE POLITICAL ACTION  
SUBVERTING DEMOCRACY. THE SOLUTION, HE SAID, WAS A  
COMPLETE INTEGRATION INTO NATO AND A MEANINGFUL ROLE IN  
THE NATO SYSTEM.

(D) THE AZORES: THE PRESIDENT SPOKE AT SOME LENGTH  
REGARDING HIS CONCERN ABOUT THE AZORES AND MADEIRA. THE  
GIST OF HIS ARGUMENT WAS THAT THE AZORES GAVE PORTUGAL  
ITS SPECIAL PLACE IN THE ATLANTIC ALLIANCE AND THAT  
WHAT WENT ON IN THE AZORES WAS THEREFORE OF CONCERN TO THE  
UNITED STATES AS WELL. HE EXPRESSED SOME ANXIETY REGARDING  
THE SEPARATIST MOVEMENT IN THE AZORES AND ITS LINKS TO  
AZOREAN-AMERICANS. HE SAID THAT THESE U.S. RESIDENTS COULD,  
BY THEIR SUPPORT OF AZOREAN SEPARATISTS, GIVE THE  
APPEARANCE OF UNCERTAINTY REGARDING U.S. POLICY TOWARD  
AZOREAN INDEPENDENCE. IT COULD BE ALLEGED THAT THE USG WOULD  
WISH TO PROMOTE THE SEPARATION OF THE AZORES IN ORDER TO GAIN  
GREATER MILITARY FACILITIES. THE PRESIDENT SAID THAT IT  
MIGHT BE NECESSARY, AT SOME POINT, FOR THE GOP TO ASK  
THAT A U.S. OFFICIAL MAKE A STATEMENT SCOTCHING NOTIONS OF  
U.S. SUPPORT FOR AZOREAN INDEPENDENCE.

3. I RESPONDED TO EACH OF THE POINTS MADE BY THE PRESIDENT  
AS FOLLOWS:

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(A) ECONOMIC CRISIS: I SAID THAT DURING MY  
WASHINGTON CONSULTATIONS I FOUND GREAT COMPREHENSION OF  
THE DIFFICULT ECONOMIC SITUATION FACING PORTUGAL AND  
THAT I WAS CONFIDENT THAT THE UNITED STATES WOULD  
CONTINUE TO PROVIDE APPROPRIATE ASSISTANCE TO THE  
RECUPERATION OF THE PORTUGUESE ECONOMY. I SPECIFICALLY  
REFERRED TO THE IMPORTANCE OF THE STABILIZATION PROGRAM  
CURRENTLY BEING NEGOTIATED WITH THE IMF.

(B) COMMUNIST INFLUENCE IN THE LABOR MOVEMENT:

I SAID THAT I HAD BEEN BRIEFED ON THE PROBLEMS PRESENTED BY COMMUNIST DOMINATION OF THE TRADE UNION MOVEMENT. I MENTIONED THAT THE AMERICAN LABOR MOVEMENT WAS DESIROUS OF HELPING DEMOCRATIC FORCES IN PORTUGUESE LAOR MOVEMENTS AND THAT ONE OF THE ISSUES THAT I WISHED TO EXAMINE EARLY-ON WAS THE QUESTION OF WHAT ASSISTANCE MIGHT BE GIVEN IN THE MOST EFFECTIVE FASHION WITHOUT CAUSING OTHER KINDS OF POLITICAL PROBLEMS. REGARDING COMMUNIST INFLUENCE IN GENERAL, I THOUGHT THIS WAS ONE PROBLEM THAT THE PORTUGUESE BASICALLY WOULD HAVE TO SOLVE THEMSELVES. THE PRESIDENT INTERRUPTED TO SAY THAT HE DISAGREED, INASMUCH AS THE LINKS OF THE PCP WITH MOSCOW WERE WELL-KNOWN. GIVEN OUR INTELLIGENCE CAPABILITIES, IT WOULD BE NATURAL THAT THE UNITED STATES WOULD HAVE VALUABLE INFORMATION CONCERNING THE STRATEGY AND TACTICS OF THE PCP, WHICH IT COULD THEN PASS ON TO THE PORTUGUESE INTELLIGENCE SERVICE. I DID NOT MAKE ANY DIRECT RESPONSE.

(C) THE MILITARY: I SAID THAT I UNDERSTOOD THE PSYCHOLOGICAL PROBLEM CAUSED BY THE WITHDRAWAL FROM AFRICA. THE UNITED STATES HAD SUFFERED SOMETHING SIMILAR BECAUSE OF VIET-NAM. IN OUR CASE THE MORALE PROBLEM EXTENDED BEYOND THE MILITARY TO THE GENERAL PUBLIC. AND

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THE PROBLEM WAS STILL WITH US TO SOME EXTENT, WITNESS THE OP-POSITION TO THE PANAMA CANAL TREATY. WITH OUR SENSITIVITY, THEREFORE, TO THE PROBLEM OF MORALE IN THE PORTUGUESE MILITARY, WE HAD BEEN ATTEMPTING TO PROVIDE ASSISTANCE TO THE PORTUGUESE ARMED FORCES AND HELP THEIR INTEGRATION INTO NATO. I ASSURED HIM THAT THIS WAS A MATTER TO WHICH I WOULD GIVE MY PERSONAL ATTENTION.

(D) THE AZORES: I SAID THAT I WAS SENSITIVE TO THE POSSIBLE PROBLEM PRESENTED BY THE SYMPATHIES OF AZOREAN-AMERICANS FOR SEPARATISM. AT THE SAME TIME, THE U.S. GOVERNMENT POSITION WAS QUITE CLEAR: THE AZORES AND MADEIRA ARE PART OF PORTUGAL. I FELT THAT WHATEVER SEPARATIST SYMPATHIES MIGHT EMANATE FROM THE AZOREAN-AMERICAN COMMUNITY WOULD NOT AFFECT U.S. POLICY IN THAT REGARD. I THEN SAID THAT ONE OF THE BEST WAYS TO CALM THE SITUATION IN THE AZORES WOULD BE FOR THE UNITED STATES AND PORTUGAL TO RAPIDLY CONCLUDE A NEW BASE AGREEMENT. THE BASE AGREEMENT, IN ADDITION TO DEMONSTRATING U.S.-GOP CONCORD OVER A MATTER OF GREAT CONCERN TO THE AZOREANS, WOULD ALSO BRING WITH IT FINANCIAL ASSISTANCE, THE BULK OF WHICH

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WOULD BE USED FOR THE DEVELOPMENT OF THE AZORES, THUS CONTRIBUTING TO IMPROVING THE RELATIONSHIP BETWEEN THE MAINLAND AND THE ISLANDS. I SAID I WOULD LIKE TO AGREE ON A TIMETABLE THAT WOULD PERMIT CONCLUSION OF A NEW AGREEMENT BY THE END OF THIS MONTH. TO THIS GAMBIT THE PRESIDENT ONLY NODDED.

4. THE REMAINDER OF THE CONVERSATION CONCERNED THIRD COUNTRY MATTERS INCLUDING THE NEUTRON BOMB, THE HORN OF AFRICA, ANGOLA AND NAMIBIA, AND THE RHODESIAN SITUATION. THE PRESIDENT'S OBSERVATIONS WERE AS FOLLOWS:  
(A) THE NEUTRON BOMB: HE FELT IT WAS A REASONABLE AND USEFUL WEAPON FOR THE NATO ARMORY AND THE POLITICAL CONCERN IN WESTERN EUROPE REGARDING ITS DEPLOYMENT WAS TO A GREAT EXTENT THE RESULT OF A VERY SKILLFUL PROPAGANDA CAMPAIGN BY THE USSR.  
(B) THE HORN OF AFRICA: HE DEPLORED THE INTRODUCTION OF RUSSIAN AND CUBAN INFLUENCE IN THAT AREA. HE SAID THAT, WHILE THE MILITARY ADVANCE WOULD PROBABLY STOP AT THE SOMALIAN BORDER, THE RUSSIAN AND CUBAN INFLUENCE AND THEREFORE MISCHIEF-MAKING WOULD CONTINUE IN THE AREA FOR SOME TIME.  
(C) NAMIBIA: I THANKED HIM FOR PORTUGUESE EFFORTS TO OBTAIN THE AGREEMENT OF THE ANGOLAN GOVERNMENT TO SUPPORT THE WESTERN PROPOSALS FOR A NAMIBIAN SOLUTION.

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HE SAID HE WAS AFRAID THAT PORTUGUESE INFLUENCE IN

ANGOLA WAS NOT VERY GREAT AND WOULD BE GETTING SMALLER. THE RUSSIANS, HE SAID, WERE INTERESTED IN CUTTING THE REMAINING TIES BETWEEN ANGOLA AND PORTUGAL BECAUSE THEY REALIZED THAT PORTUGAL SERVED AS AN INFLUENCE FOR THE WESTERN WORLD IN ANGOLA. THEREFORE, HE FELT THAT FURTHER REPRESENTATIONS BY PORTUGAL TO ANGOLA REGARDING AFRICAN QUESTIONS WOULD NOT HAVE VERY GREAT SUCCESS.

(D) REGARDING RHODESIA, THE PRESIDENT SAID THAT HE FELT THAT THE RECENT AGREEMENT OFFERED SOME PROMISE, PROVIDED THAT IT WAS IMPLEMENTED QUICKLY. THE LONGER THE TRANSITION PROCESS WERE DRAGGED OUT, THE MORE POSSIBILITY THERE WOULD BE FOR THE NKOMO-MUGABE FORCES TO GATHER GREATER STRENGTH. PRESIDENT KAUNDA, ALTHOUGH OBLIGED TO PROTEST LOUDLY AND PUBLICLY OVER THE RECENT INCURSION OF RHODESIANS INTO ZAMBIA, WOULD ACTUALLY WORK IN FAVOR OF THE SETTLEMENT THAT HAS BEEN AGREED UPON BECAUSE HE WAS NOT ANXIOUS TO PROVIDE A LONG-TERM BASE FOR GUERRILLA WARFARE AND INCUR THE DAMAGE TO HIS OWN POPULATION THAT WOULD ENTAIL.

5. THE PRSIDENT SAID THAT HE WOULD WISH TO SPEAK TO ME FROM TIME TO TIME ABOUT A NUMBER OF THE TOPICS WE HAD TOUCHED UPON TODAY AS WELL AS OTHERS. HE MENTIONED IN PARTICULAR A DISCUSSION OF HIS TRIP TO THE UNITED STATES IN MAY TO ATTEND THE NATO SUMMIT. IN THIS CONNECTION, HE SAID THAT HE WOULD LIKE TO BE ABLE TO TALK TO HIGH U.S. OFFICIALS DURING HIS VISIT.

6. COMMENT: PRESIDENT EANES IS NOTED FOR BEING RESERVED, SOMEWHAT STIFF, AND VERY SERIOUS. (ON NEWS-MAGAZINE DUBBED HIM "THE SILENT SENTRY.") I FOUND HIM ALL OF THESE THINGS, BUT AT THE SAME TIME A LIKE-ABLE, SYMPATHETIC PERSON. I WOULD GUESS HIS STIFFNESS COMES

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FROM AN INNATE SHYNESS--NOT THAT HE SEEMS TO BE UNSURE OF HIMSELF. I FELT THAT THE CHEMISTRY BETWEEN US WAS GOOD. OUR CONVERSATION WAS CONDUCTED IN PORTUGUESE. AND, WHILE HE IS AS DIFFICULT TO UNDERSTAND AS ADVERTISED, HE MAKES GOOD SENSE AND SPEAKS TO THE POINT. I WAS IMPRESSED BY HIS DECISIVENESS, HIS OBVIOUS SINCERITY REGARDING PORTUGUESE DEMOCRACY, HIS FRANKNESS, AND HIS WIDE RANGE OF INTERESTS. I HOPE VERY MUCH THAT HE CAN BE SEEN BY APPROPRIATELY HIGH LEVEL MEMBERS OF THE ADMINISTRATION DURING HIS VISIT IN MAY. HE IS A RARE COMMODITY--A MILITARY MAN WHOSE VENTURE INTO POLITICAL LIFE SHOULD BE ENCOURAGED.

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